Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author:	Baca	Analyst:	Nicole Kwon	Bill Number:	AB 475
Related Bills:	See Prior Analysis	Telephone:	845-7800	Amended Date:	May 26, 2005
		Attorney:	Patrick Kusiak	Sponsor:	

SUBJECT: Local Agency Military Base Recovery Area (LAMBRA)/Expands Definition & Extends Initial Designation Period To 12 Years If Specified Conditions Apply

_____ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended __________________.

__X__ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

_____ AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended ____________________.

_____ FURTHER AMENDMENTS NECESSARY.

_____ DEPARTMENT POSITION CHANGED TO ____________________.

__X__ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 28, 2005, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would expand the boundaries of Local Agency Military Base Recovery Areas (LAMBRA) and would extend the initial designation period under specified circumstances.

SUMMARY OF AMENDMENTS

The May 26, 2005, amendments revised the conditions by which the designation of a LAMBRA expires and extended the initial designation period from 8 to 12 years, if a specified condition applies. The extended designation would apply to any LAMBRA that had less than 90 percent of the economic development acreage within the LAMBRA transferred to the governing body within four years of its designation.

As a result of the amendments, a revised revenue estimate is included below. The remainder of the department's analysis of the bill as amended April 28, 2005, still applies.

POSITION

Pending.

Board Position:			Legislative Director	Date
_______ S	_______ NA	_______ NP		
_______ SA	_______ O	_______ NAR	Brian Putler	6/17/05
_______ N	_______ OUA	___X___ PENDING		

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, the personal income tax and corporation tax revenue loss from this bill would be as follows:

Estimated Revenue Impact of AB 475 Amended May 26, 2005 Effective for taxable year beginning January 1, 2005 Enactment Assumed After June 30,2005 ($ Millions)		
2005-06	2006-07	2007-08
b/	c/	-$1

b/ Loss of less than $250,000
c/ Loss of less than $500,000

This bill does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Revenue Discussion

The revenue impact of this bill would be dependent on the number of scheduled expirations for LAMBRAs during taxable years 2006 through 2009.

This bill would extend the expiration of four LAMBRAs. As a result, LAMBRAs scheduled to expire in 2006 would be extended to 2010.

The total impact of all eight LAMBRAs was less than $2 million in 2003. All scheduled expiration dates were extended and a constant growth rate was applied. It is assumed that all eight LAMBRAs, through 2009, would expand by not more than 10%. Comparing the scheduled expiration dates under this bill and applying an average historical credit usage per LAMBRA; revenue losses would be insignificant during fiscal year 2005-2006, would grow through fiscal years 2008 to 2009, and then slowly decline. The decline would be due to the revised scheduled expiration dates.

LEGISLATIVE STAFF CONTACT

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